

HMFA AND FHLBNY WELCOME YOU!

Training Seminar

June 22, 2011

Abbott, Supportive Housing



John O. Parker, Senior



Linden Lakes, Senior



WHAT IS HMFA?

- ❖ Independent state authority under the Department of Community Affairs
- ❖ Mandate is to provide safe, decent, affordable housing
- ❖ No reliance on the state for funds
- ❖ Secures program funding through the sale of taxable and tax-exempt bonds and income from fees and investments
- ❖ Administers the low-income housing tax credit program -- the single largest source of equity for M/F affordable rental projects
- ❖ S & P's issuer credit rating: AA with a stable outlook
- ❖ Moody's issuer credit rating: Aa1 with stable outlook
- ❖ Unique Agency in New Jersey - Direct Lender
- ❖ Balance sheet in excess of \$4 Billion



WHAT WE DO & THE PEOPLE WE SERVE

We provide funding for affordable home ownership and housing opportunities for New Jersey residents by implementing creative programs and establishing alliances that:

- ❖ fund affordable home mortgages for first-time homebuyers;
- ❖ promote construction and rehabilitation of rental housing;
- ❖ encourage mixed-income, owner-occupied housing growth as a means to stabilize urban neighborhoods;
- ❖ advance the growth and development of municipalities;
- ❖ contribute to the quality of life of older adults, the disabled and those with special housing needs; and
- ❖ formulate partnerships to foster the economic development of New Jersey and the personal development of its residents.



Sharon Ellenwood, of Millville received HMFA's 2,000th First-Time Homebuyer mortgage in 2007.

PRODUCTION AREAS

- ❖ Multifamily/Preservation
- ❖ Special Needs and Supported Housing
- ❖ Federal Low Income Housing Tax Credit
- ❖ Single Family (Homeownership)

*Orchard Commons,
Special Needs, Allendale*



*Sharp Road, Family
Evesham Township*



MULTIFAMILY (RENTAL)

Multifamily Financing:

Provides Funding to:

- ❖ For-profit and not-for-profit sponsors
- ❖ Rental housing projects

Types of Rental Housing:

- ❖ Family
- ❖ Senior
- ❖ Preservation of existing units
- ❖ Supportive housing/ special needs



*Medford Senior Housing,
Senior, Burlington*

MULTIFAMILY (RENTAL)

Types of Financing:

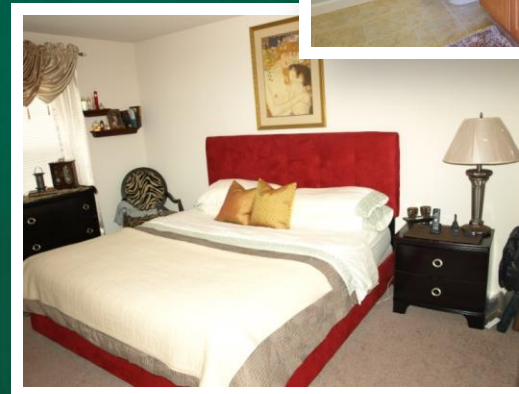
Available Loan Options:

- ❖ Construction only
- ❖ Construction/Permanent
- ❖ Permanent Take-Out

Financing made available through the sale of tax-exempt and/or taxable bonds:

- ❖ Tax-exempt bonds are eligible for 4% tax credits (non competitive)
- ❖ Taxable bonds can be used with the 9% tax credits (competitive)

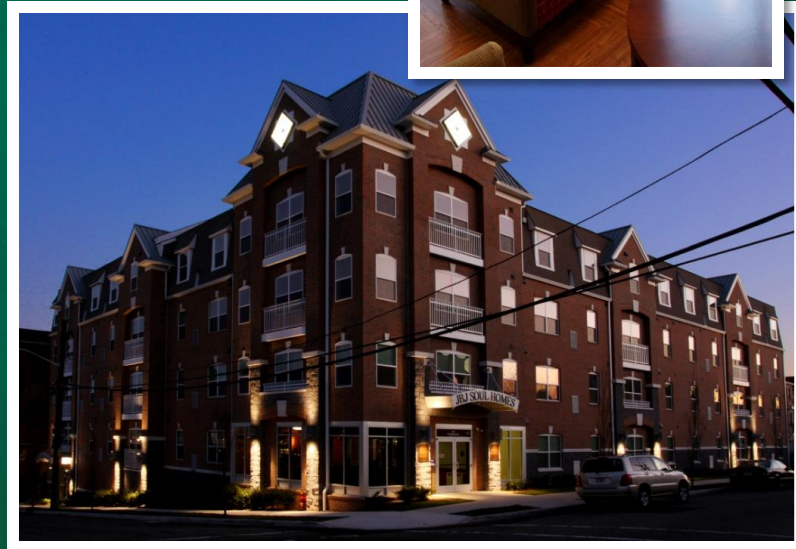
*Stafford Park Apartments; Family
Stafford Township, Ocean*



MULTIFAMILY (RENTAL)

HMFA Financing Advantages:

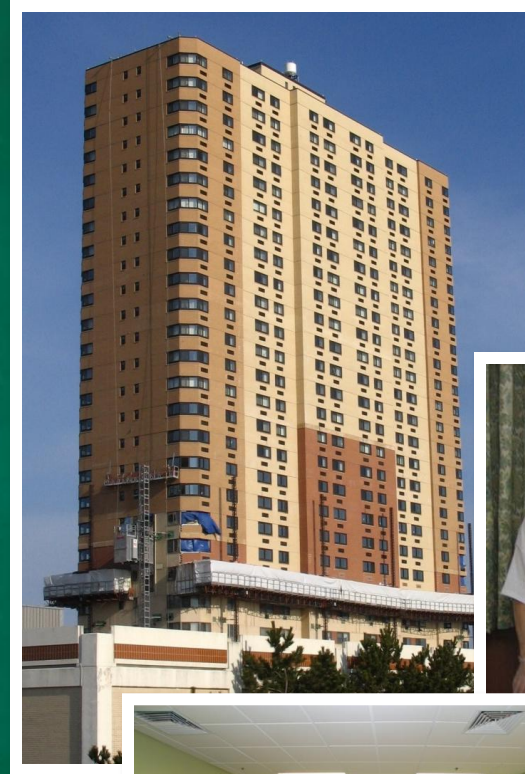
- ❖ Standard 30 year fixed rate
- ❖ Non-recourse Loans; credit enhancement may be required
- ❖ Competitive Interest Rates
- ❖ Low Financing Fees
- ❖ Eligible for New Jersey sales tax exemption on supplies and materials purchased for the project when HMFA is the construction lender



Newark Genesis Apartments,
Newark, Essex

HOUSING PRESERVATION (RENTAL)

- ❖ Funding for the preservation of affordable housing units in HMFA financed projects, other affordable units which would be lost to the market, and existing affordable units in need of substantial repair.
- ❖ Provides for the acquisition, rehabilitation and repair of existing units.
- ❖ Can be used to refinance existing mortgage.

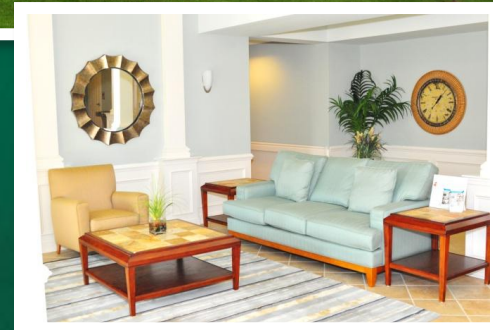


Asbury Tower; Senior
Asbury Park, Monmouth

FEDERAL LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

The HMFA is the authorized housing tax credit administrator for the state and is responsible for overseeing all aspects of the federal Low Income Housing Tax Credit program for New Jersey.

- ❖ Equity generated from the sale of tax credits is used for the construction of affordable housing
- ❖ Provides up to 30 percent (4% credits) or 70 percent (9% competitive credits) of the funding needed for the project
- ❖ Recognized as one of the most successful housing production programs ever created
- ❖ Anticipated to produce 800 units across New Jersey this year



John O. Parker, Senior
Camden

FEDERAL LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

What is the Tax Credit Program?

- ❖ Federal tax incentive to encourage the development of affordable rental housing
- ❖ A dollar for dollar reduction in federal income tax liability for a 10 year period
- ❖ HMFA receives approximately \$18 million in annual credits which generates \$140 million in equity



*Garfield Court II; Family
Long Branch, Monmouth*

FEDERAL LOW INCOME HOUSING TAX CREDIT PROGRAM (LIHTC)

How Tax Credits Build Affordable Housing:

- ❖ HMFA typically holds one competitive 9% round per year in the summer
- ❖ 4% volume cap applications are accepted on a rolling basis (must meet 50% tax exempt bond financing test)
- ❖ Rent and tenant income restrictions apply for at least 15 years



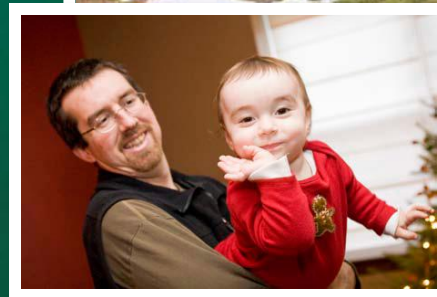
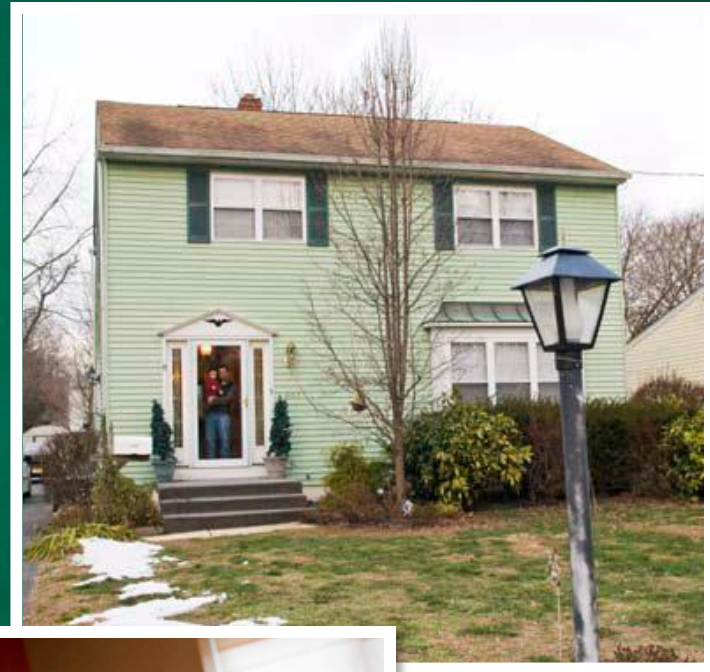
*Garfield Court, Family
Monmouth*

SINGLE FAMILY (HOMEOWNERSHIP)

We are responsible for providing funds to finance the purchase of owner occupied one- to four-family units in New Jersey. The HMFA also provides financing and “gap” subsidy for the construction and rehabilitation of single family residences located in eligible developments.

Homeownership Mortgage Program

- ❖ 30 year term fixed interest rate mortgage at 4.5% with 0 points
- ❖ Requires minimal downpayment and can be combined with HMFA Smart Start downpayment/closing cost assistance for a combined LTV of 100%.
- ❖ Available to first-time and Urban Target Area homebuyers: Liberal income and purchase price eligibility.
- ❖ FICO scores as low as 620



The Kopp family purchased their new home under the LWYW Program.

SINGLE FAMILY (HOMEOWNERSHIP)

Smart Start Downpayment/ Closing Cost Assistance Program

- ❖ Offers families purchasing homes in Smart Growth Areas a second mortgage for downpayment and/or closing costs
- ❖ Borrowers are eligible to receive up to 4% of the first mortgage amount
- ❖ Available in conjunction with HMFA's Home Buyer Program mortgage loans



SINGLE FAMILY (HOMEOWNERSHIP)

Live Where You Work (LWYW)

- ❖ Live Where You Work (LWYW) is our home mortgage incentive program that encourages buyers to purchase in the municipalities where they work.
- ❖ LWYW Combines the low interest HMFA first mortgage with 5% downpayment assistance.
- ❖ The LWYW housing debt ratios are expanded by 3% in consideration of the savings on commuting.
- ❖ LWYW is a partnership with municipalities and is presently available in 37 towns.



SINGLE FAMILY (HOMEOWNERSHIP)

LWYW Towns:

- ❖ Asbury Park
- ❖ Atlantic City
- ❖ Bayonne
- ❖ Belmar
- ❖ Bridgeton
- ❖ Carteret
- ❖ Cherry Hill
- ❖ Collingswood
- ❖ East Orange
- ❖ Edgewater Park
- ❖ Elizabeth
- ❖ Evesham
- ❖ Freehold Borough
- ❖ Glassboro
- ❖ Gloucester City
- ❖ Haddon Twp
- ❖ Jersey City
- ❖ Keyport
- ❖ Lakewood
- ❖ Manchester Twp
- ❖ Middletown
- ❖ Morristown
- ❖ Neptune
- ❖ Newark
- ❖ New Brunswick
- ❖ Old Bridge
- ❖ Orange
- ❖ Passaic
- ❖ Paterson
- ❖ Pemberton Twp
- ❖ Plainfield
- ❖ Rahway
- ❖ Trenton
- ❖ Voorhees
- ❖ Washington Twp
- ❖ Woodbridge

SINGLE FAMILY (HOMEOWNERSHIP)

Other Mortgage Products:

Purchase/Refinance Rehabilitation:

- ❖ Financing for the purchase and substantial rehabilitation of a home or the refinancing/rehabilitation of a presently owned home.

Home Plus:

- ❖ Fixed interest rate mortgage that allows qualified first-time and urban homebuyers to finance up to \$15,000 for approved necessary home improvements

Housing Choice Voucher Program:

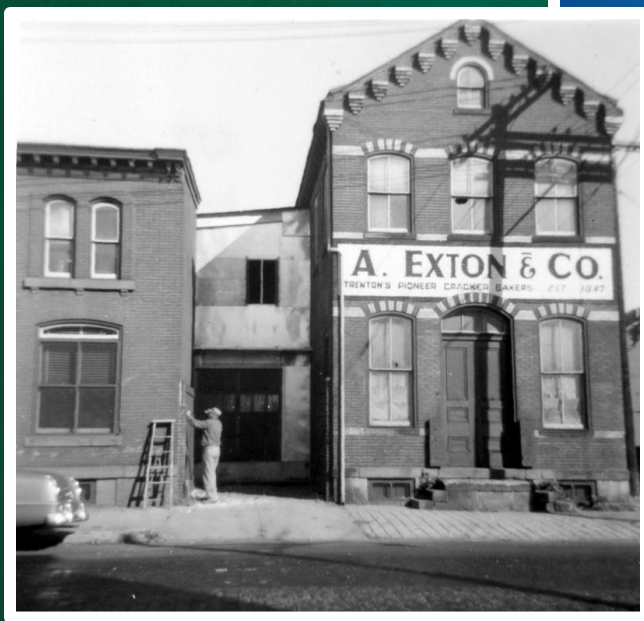
- ❖ Allows qualified Section 8 participants the opportunity to utilize their housing voucher toward a mortgage payment. Free credit counseling is a requirement to participate in the program.



SINGLE FAMILY “CHOICE”

The CHOICE Program is designed to:

- ❖ Encourage, and facilitate, a mix of affordable middle-income and market rate homeownership opportunities in New Jersey.



The Cracker Factory; Family, Trenton

SINGLE FAMILY “CHOICE”

Three Major Components:

Construction Financing:

- ❖ The Agency provides 50% of the construction loan, the balance is provided by an approved Lead-Lender.

CHOICE Subsidy:

- ❖ Subsidy Funds provided by the agency are used to fill the gap between the cost to build a unit and its sales price.

End Financing:

- ❖ The Agency offers up to 100% LTV 30 year, fixed rate mortgages, no mortgage insurance along with downpayment and closing cost assistance to eligible borrowers.



Catherine S. Graham Square; Family, Mercer

SUPPORTIVE HOUSING AND SPECIAL NEEDS

Special Needs Housing Trust Fund Creates permanent supportive housing and community residences as alternatives to institutional or homelessness for special needs individuals.

- ❖ The 2005 Special Needs Housing Trust Fund Act provided \$200 million of which close to \$169 has been committed to create over 1,600 supportive housing opportunities for persons with special needs.

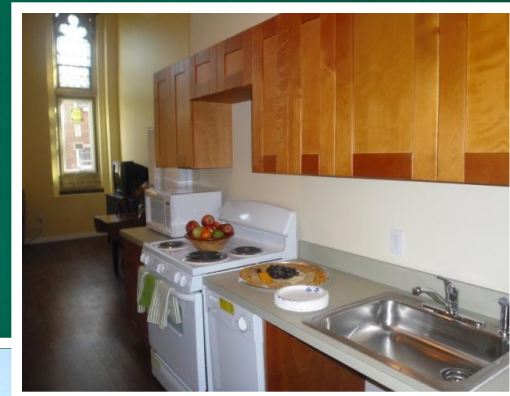
Priority Populations:

- | | |
|---|---|
| ❖ Homeless - families, children & individuals | ❖ Youth aging out of foster care and homeless youth |
| ❖ Mental health consumers | ❖ Victims of domestic violence |
| ❖ Developmental and physical disabilities | ❖ Veterans who are homeless or disabled |
| ❖ AIDS/HIV | |

SUPPORTIVE HOUSING AND SPECIAL NEEDS

Special Needs Housing Trust Fund:

- ❖ Special Needs Housing Trust Fund Act provides \$200 million in funding to establish the Special Needs Housing Trust Fund (SNHTF) which is administered by the HMFA.
- ❖ Purpose of the Trust is to create permanent supportive housing and community residences as alternatives to institutional or homelessness for special needs individuals.



Homes to Homes, Special Needs, Middlesex

SUPPORTIVE HOUSING AND SPECIAL NEEDS

Special Needs Housing Trust Fund:

- ❖ Approved projects must have funding for support services and rental assistance or operating funds.
- ❖ Funding can be in the form of low interest loans or grants.



Cape Manor, Special Needs, Cape May County

Contact Information:

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THANK YOU

For Attending Our Training

